

**Terrebonne Economic
Development Authority**

Annual Financial Report
As of and for the
Year Ended December 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7/28/10

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

**Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government**

Annual Financial Report
As of and for the Year Ended December 31, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Houma, Louisiana

We have audited the accompanying financial statements of the governmental activities and the aggregate discretely presented component units of the Terrebonne Economic Development Authority (the Authority), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the aggregate discretely presented component units of the Terrebonne Economic Development Authority as of December 31, 2009, and the change in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Commissioners
Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Houma, Louisiana

The Authority has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison schedule on page 18 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



June 28, 2010

FINANCIAL STATEMENTS SECTION

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Statement of Net Assets
December 31, 2009

	<u>Government Activities</u>	<u>Component Unit TEDFO</u>	<u>Component Unit Work Itl Louisiana</u>
ASSETS			
Cash and cash equivalents	\$ 639,549	\$ 34,698	\$ 20,528
Accounts receivable	5,798	-	-
Due from other governments	238,787	-	-
Micro economic development loans	42,900	-	-
Prepaid insurance	5,102	-	-
Prepaid rent	3,000	-	-
	<hr/>	<hr/>	<hr/>
Total current assets	935,136	34,698	20,528
Fixed assets	76,878	-	-
Accumulated depreciation	(33,556)	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 978,458</u>	<u>\$ 34,698</u>	<u>\$ 20,528</u>
LIABILITIES			
Accounts payable and accrued expenses	<u>\$ 240,456</u>	<u>\$ 6,259</u>	<u>\$ 16,343</u>
NET ASSETS			
Investment in capital assets	43,322	-	-
Unrestricted	694,680	28,439	4,185
	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	<u>738,002</u>	<u>28,439</u>	<u>4,185</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 978,458</u>	<u>\$ 34,698</u>	<u>\$ 20,528</u>

The accompanying notes are an integral part of this statement.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Statement of Activities
For the Year Ended December 31, 2009

	<u>Government Activities</u>	<u>Component Unit TEDFO</u>	<u>Component Unit Work It! Louisiana</u>
REVENUES			
Occupational licenses	\$ 692,285	\$ -	\$ -
Economic development award program revenues	356,289	-	-
Technical assistance	78,145	-	-
Louisiana Workforce Commission grants	34,645	-	489,986
Revolving loan administration fees	30,000	-	-
Marketing match grants	28,740	150,186	-
Other revenue	21,803	-	-
Interest income	698	-	-
TOTAL REVENUES	<u>1,242,605</u>	<u>150,186</u>	<u>489,986</u>
EXPENSES			
Economic development and assistance:			
Personal services	471,820	-	39,472
Economic development award program disbursements	356,289	-	-
Contract services	59,493	955	35,000
Administrative			
Other services and charges	91,664	144,380	34,751
Travel and training	19,252	-	-
Office supplies	15,581	-	-
External marketing			
Other services and charges	24,433	-	180,831
Travel, training, and trade shows	19,064	-	-
Advertising	8,082	-	195,747
Internal marketing			
Advertising	16,826	-	-
Business retention			
Other services and charges	18,826	-	-
Travel and training	15,172	-	-
Depreciation	13,482	-	-
TOTAL EXPENSES	<u>1,129,984</u>	<u>145,335</u>	<u>485,801</u>
Loss on disposal of fixed asset	(745)	-	-
CHANGE IN NET ASSETS	111,876	4,851	4,185
NET ASSETS - Beginning	626,126	23,588	-
NET ASSETS - Ending	<u>\$ 738,002</u>	<u>\$ 28,439</u>	<u>\$ 4,185</u>

The accompanying notes are an integral part of this statement.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Balance Sheet
Governmental Fund Type – General Fund
December 31, 2009

ASSETS

Cash and cash equivalents	\$ 639,549
Accounts receivable	5,798
Due from other governments	238,787
Micro economic development loans	42,900
Prepaid insurance	5,102
Prepaid rent	<u>3,000</u>
TOTAL ASSETS	<u>\$ 935,136</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 240,456
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FUND BALANCE

Fund balance - Unreserved	<u>694,680</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 935,136</u>

The accompanying notes are an integral part of this statement.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Statement of Revenues, Expenditures,
and Changes in Fund Balance-
Governmental Fund Type-
General Fund
For the Year Ended December 31, 2009

REVENUES

Occupational licenses	\$ 692,285
Economic development award program revenues	356,289
Technical assistance	78,145
Grant payments from Work It! Louisiana	34,645
Revolving loan administration fees	30,000
Marketing match grant from TEDFO	28,740
Other revenue	21,803
Interest income	698
TOTAL REVENUES	<u>1,242,605</u>

EXPENSES

Economic development and assistance:	
Personal services	471,820
Economic development award program disbursements	356,289
Contract services	59,493
Administrative	
Other services and charges	91,664
Travel and training	19,252
Office supplies	15,581
External marketing	
Other services and charges	24,433
Travel, training, and trade shows	19,064
Advertising	8,082
Internal marketing	
Advertising	16,826
Business retention	
Other services and charges	18,826
Travel and training	15,172
Capital expenditures (less trade-in value of fixed asset)	13,454
TOTAL EXPENSES	<u>1,129,956</u>
CHANGE IN FUND BALANCE	112,649
FUND BALANCE - Beginning	<u>582,031</u>
FUND BALANCE - Ending	<u><u>\$ 694,680</u></u>

The accompanying notes are an integral part of this statement.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

**Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Assets
December 31, 2009**

Total fund balance - total governmental funds	\$ 694,680
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of \$76,878, net of accumulated depreciation of \$33,556, are not financial resources and, therefore, are not reported in the funds.	<u>43,322</u>
Net assets of governmental activities	<u><u>\$ 738,002</u></u>

**Reconciliation of the Statement of Revenue, Expenditures, and
Changes in Fund Balance – Governmental Fund to the
Statement of Activities
December 31, 2009**

Change in fund balance - governmental fund	\$ 112,649
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental fund reports capital outlays as expenditures whereas in the statement of activities, these costs are depreciated over their estimated useful lives.	
Depreciation expense	(13,482)
Capital outlays	14,389
Capital retirements	<u>(1,680)</u>
	<u>(773)</u>
Change in net assets of governmental activities	<u><u>\$ 111,876</u></u>

The accompanying notes are an integral part of this statement.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Terrebonne Economic Development District was created in 1989 as authorized by Louisiana Revised Statute 33:130.251. In 2004, pursuant to statutory revision, the District was replaced by Terrebonne Economic Development Authority. The Authority is governed by a fourteen-member commission. The Authority is responsible for promoting, encouraging, and participating in industrial development to stimulate the economy through commerce, industry, and research and for the utilization and development of natural, physical, and human resources of Terrebonne Parish.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate U.S. generally accepted accounting principles and reporting standards for state and local governmental entities. The GASB has issued a codification of governmental accounting and financial reporting standards (1987). This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

A. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Financial accountability by the consolidated government is determined on the basis of the following criteria:

1. Appointment of voting majority of governing board
2. Imposition of will
3. Financial benefit or burden
4. Fiscal dependence
5. Designation of management

Because the Consolidated Government appoints the governing board and can impose its will, the Terrebonne Economic Development Authority was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish and the governmental body with financial accountability. The accompanying financial statements present information only on the funds maintained by the Authority and do not present information on the consolidated government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

B. INDIVIDUAL COMPONENT UNIT DISCLOSURES

Discretely Presented Component Units – The component unit columns in the government-wide statement of net assets and statement of activities includes the financial data of the Authority's component units.

**Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

One component unit, Terrebonne Economic Development Foundation (TEDFO), is a legally separate, nonprofit organization that reports under FASB standards. TEDFO acts primarily to assist in the efforts of economic development projects. The other component unit, Work It! Louisiana, is also legally separate. Work It! Louisiana is a pilot program to encourage career awareness.

C. METHOD OF ACCOUNTING

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets and a statement of revenues, expenses and changes in net assets. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on net asset use though external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The basic financial statements of the Authority are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

D. FUND TYPES

The Authority reports the following fund types:

Governmental Funds

Governmental Funds are those through which the governmental functions of the

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Terrebonne Economic Development Authority are financed. The acquisition, use, and balances of the Authority's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The following is the Governmental Fund of the Authority:

General Fund – The General Fund is the general operating fund of the Authority. It is used to account for all financial resources.

E. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The General Fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

F. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Authority considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

**Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

G. OPERATING BUDGETARY DATA

The Authority's Board adopted a budget for the General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures at the functional level must be approved by the Authority's Board. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The Board amended the 2009 budget one time.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

H. CASH AND CASH EQUIVALENTS

The Authority considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

I. CAPITAL ASSETS

Capital assets, consisting of office furniture and equipment, are presented on the Statement of Net Assets.

Depreciation of all fixed assets is computed on the straight-line basis. Estimated useful lives of office equipment are five to ten years.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

J. ACCUMULATED VACATION AND SICK LEAVE

Employees are granted 10 to 15 days of vacation leave each year, depending on their length of service. Upon separation of employment, employees are compensated for accumulated vacation leave at the employee's current rate of pay. As of December 31, 2009, employees have accumulated \$4,821 of employee leave benefits. Sick leave is not a vested benefit and will not be paid upon termination.

K. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the fund general ledgers, is not utilized by the Authority.

L. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Under state law the Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of another state in the Union, or the laws of the United States.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year end balances of deposits are as follows:

	Bank Balance	Reported Amount
Cash - Primary Government	\$ 467,588	\$ 454,016
Cash - Component Unit	\$ 42,628	\$ 34,698
Cash - Component Unit	\$ 40,538	\$ 20,528

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 2009

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a written policy for custodial credit risk. As of December 31, 2009, \$39,915 of the Authority's bank balance of \$467,588 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.

As of December 31, 2009, cash was adequately collateralized in accordance with state law by securities held by an unaffiliated bank for the account of the Authority. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the Authority's investment policy limits investments to securities with less than six months from the date of purchase unless the investment is matched to a specific cash flow.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy requires the application of the prudent-person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns.* The Authority's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by Securities and Exchange Commission.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 2009

NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2009 amounted to \$185,533 and are classified on the Statement of Net Assets as "Cash and cash equivalents".

A reconciliation of deposits and investments as shown on the Statement of Net Assets is as follows:

Reported amount of deposits	\$ 454,016
Reported amount of investments	<u>185,533</u>
Total cash and cash equivalents	<u><u>\$ 639,549</u></u>

NOTE 3 – DUE FROM OTHER GOVERNMENTS

As of December 31, 2009, due from other governments consists of the following:

Louisiana Department of Economic Development	\$ 212,499
Terrebonne Parish Consolidated Government/Occupational Licenses	16,598
Terrebonne Parish Consolidated Government/Other	3,357
Terrebonne Parish Consolidated Government/Revolving Loan Fund	3,333
Louisiana Department of Economic Development/Community Development Block Grant	<u>3,000</u>
	<u><u>\$ 238,787</u></u>

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 2009

NOTE 4 – MICRO ECONOMIC DEVELOPMENT LOANS

During the year ended December 31, 2009, the Authority entered into two micro economic development loans with two separate businesses. The purpose of these loans is to aid businesses that are having financial difficulties. Terms of these loans are as follows:

<u>Agreement Date</u>	<u>Total Amount</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Maturity Date</u>
March 25, 2009	\$ 25,000	4.00%	\$ 400	May 15, 2015
March 25, 2009	\$ 23,000	4.00%	\$ 700	June 1, 2012

As of December 31, 2009, the two companies owed a total of \$42,900 to The Authority.

NOTE 5 – COMPENSATION OF BOARD MEMBERS

Board members were not compensated for the year ended December 31, 2009.

NOTE 6 – CHANGES IN CAPITAL ASSETS

Capital assets are valued at historical cost. Depreciation of all capital assets is calculated over the estimated useful lives using the straight-line method (5 - 10 years). Capital asset activity for the year ended December 31, 2009 was as follows:

	<u>January 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2009</u>
Office furniture and equipment	\$ 65,138	\$ 14,389	\$ (2,649)	\$ 76,878
Accumulated depreciation	(21,043)	(13,482)	969	(33,556)
Total capital assets, net	<u>\$ 44,095</u>	<u>\$ 907</u>	<u>\$ (1,680)</u>	<u>\$ 43,322</u>

NOTE 7 – ECONOMIC DEVELOPMENT AWARD PROGRAM (EDAP)

The Authority is the sponsoring entity to a cooperative endeavor agreement entered into between the Louisiana Economic Development Corporation (LED) and an oilfield service company (the Company) who recently expanded its facilities in Terrebonne Parish. Under this agreement, the Company was awarded \$900,000 in 2008 from LED to be expended in the construction of its facilities. If certain new job creation criteria are achieved within program timelines, the award will be considered a grant. If such program guidelines are not met, the award is considered a loan which must be repaid by the Company, with such loan accruing interest. As the sponsoring entity, the Authority is responsible for administrative duties related to the agreement as well as monitoring the Company's compliance with program objectives. At the completion of the project, the Authority will have a Contract Compliance Audit performed.

**Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government**

Notes to Financial Statements
As of and for the Year Ended December 31, 2009

NOTE 7 – ECONOMIC DEVELOPMENT AWARD PROGRAM (EDAP) (Cont.)

In 2008, the Authority became the sponsoring entity to a similar cooperative endeavor agreement entered into between the Louisiana Economic Development Corporation and a local marine construction company who plans to expand its facilities in Terrebonne Parish. The award amount is \$2,300,000. During the year ended December 31, 2009, \$356,289 in reimbursable expenses was submitted for payment under this agreement. If certain program guidelines are not met, the award is considered a loan which must be repaid by the Company, with such loan accruing interest. As the sponsoring entity, the Authority is responsible for administrative duties related to the agreement as well as monitoring the Company's compliance with program objectives. At the completion of the project, the Authority will have a Contract Compliance Audit performed.

NOTE 8 – COMMITMENTS

Employee Contract

The Authority entered into an employment agreement with its Chief Executive Officer. The agreement commenced on February 6, 2006 and ended on January 31, 2009 and provided for a base salary and employee benefits. As of June 28, 2010, a new employment agreement has not been signed; however, the arrangement has not changed.

Attorney Contract

The Authority entered into an agreement with its attorney on November 16, 2006. The agreement provides for legal services charged in tenths of an hour and other reimbursements. The agreement may be terminated by written notice from either party under the terms of the agreement. Effective March 1, 2010, the attorney's rate will increase from \$100 to \$120 per hour.

Revolving Loan Fund Contract

The Authority entered into a cooperative endeavor agreement with the Terrebonne Parish Consolidated Government (the Parish) for the Terrebonne Revolving Loan Fund Program. The Parish agrees to pay the Authority an amount not to exceed \$40,000 for special projects. The agreement was effective beginning July 1, 2007 and ending June 30, 2008. This contract will automatically renew each consecutive year on July 1st if not terminated by the Parish or by the Authority within 30 days of the renewal date. The contract was renewed on July 1, 2009. For the year ended December 31, 2009, the Parish forwarded the Authority \$30,000 of administration fees related to the program.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Notes to Financial Statements
As of and for the Year Ended December 31, 2009

NOTE 9 – OPERATING LEASES

On April 16, 2007, the Authority signed a commercial lease agreement with an unrelated third party for the building from which it will operate. The original term of the lease was for one year beginning on June 1, 2007 and ending on May 31, 2008. The Authority has the option to extend the term of this lease for eight additional one-year terms. The lease was extended through May 31, 2009. The written agreement includes monthly payments of \$1,850 through May 31, 2009. Total rent expense for 2009 is \$9,250. The Authority did not extend the lease for a third term.

On May 27, 2009, the Authority signed a new commercial lease agreement with an unrelated third party for the building from which it will operate. The original term of the lease is for two years beginning on June 1, 2009 and ending on May 31, 2011. The Authority has the option to extend the term of this lease for an additional term of 12 months. The written agreement includes monthly payments of \$3,000. Total rent expense under this lease is \$24,000 for 2009.

Future minimum rental payments required under this lease are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Payments</u>
2010	\$ 36,000
2011	15,000
Total	<u>\$ 51,000</u>

REQUIRED SUPPLEMENTARY INFORMATION

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government

Budgetary Comparison Schedule
Year Ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget Over/(Under)</u>
REVENUES				
Occupational licenses	\$ 727,360	\$ 688,481	\$ 692,285	\$ 3,804
Economic development award program revenues	-	104,445	356,289	251,844
Technical assistance	76,000	79,938	78,145	(1,793)
Grant payments from Work It! Louisiana	40,000	56,645	34,645	(22,000)
Revolving loan administration fees	40,000	40,000	30,000	(10,000)
Marketing match grant from TEDFO	40,000	85,035	28,740	(56,295)
Other revenue	-	86,328	21,803	(64,525)
Interest income	-	-	698	698
	<u>\$ 923,360</u>	<u>\$ 1,140,872</u>	<u>\$ 1,242,605</u>	<u>\$ 101,733</u>
EXPENDITURES				
<u>General government</u>				
Personal services	\$ 513,651	\$ 557,501	\$ 471,820	\$ (85,681)
Economic development award program	-	227,113	356,289	129,176
Other services and charges	268,609	177,758	134,923	(42,835)
Travel, training, and trade shows	48,100	48,000	53,488	5,488
Contract services	48,000	71,500	59,493	(12,007)
Advertising	29,000	33,000	24,908	(8,092)
Capital expenditures	-	-	13,454	13,454
Office supplies	16,000	26,000	15,581	(10,419)
TOTAL EXPENDITURES	<u>\$ 923,360</u>	<u>\$ 1,140,872</u>	<u>\$ 1,129,956</u>	<u>\$ (10,916)</u>

See Independent Auditor's Report on Supplementary Information.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

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(A Professional Corporation)*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Terrebonne Economic Development Authority
Houma, Louisiana

We have audited the financial statements of the governmental activities and the aggregate discretely presented component units of the Terrebonne Economic Development Authority (the Authority), as of and for the year ended December 31, 2009, and have issued our report thereon dated June 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying

To the Board of Commissioners
Terrebonne Economic Development Authority
Houma, Louisiana

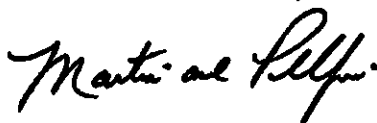
schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting. This item is listed as 09-01. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Authority's response and, accordingly, we express no opinion on it.

The report is intended solely for the information and use of the Board of Commissioners, management, the reporting entity, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



June 28, 2010

**Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government**

**Schedule of Findings and Responses
For the Year Ended December 31, 2009**

Section I – Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Terrebonne Economic Development Authority.
2. One significant control deficiency was noted during the audit of the financial statements. This significant control deficiency was not considered a material weakness.
3. No instances of noncompliance material to the financial statements of the Terrebonne Economic Development Authority, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. A management letter was not issued.

Section II – Financial Statement Findings

No findings material to the financial statements of the Terrebonne Economic Development Authority were disclosed during the audit.

Section III – Internal Control Findings

09-01

Statement of Condition: A significant deficiency in the Authority's internal control.

Criteria: In our consideration of internal control, we noted that the size of the Terrebonne Economic Development Authority's operations and its limited accounting staff preclude an adequate system of internal control.

Effects of Condition: The internal control, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of the Authority and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Commissioners of the Terrebonne Economic Development Authority should closely monitor the day-to-day activities of the Authority.

Response: The management of the Terrebonne Economic Development Authority agrees with this finding.

**Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government**

**Schedule of Findings and Responses
For the Year Ended December 31, 2009**

Section IV – Findings and Questioned Costs – Major Federal Award Program Audit

This section is not applicable.

**Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government**

**Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2009**

The contact person for all corrective actions noted below is Mr. Michael Ferdinand, Chief Executive Officer.

Section I – Internal Control and Compliance Material to the Financial Statements

Inadequate Internal Control

Condition: A significant deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners of the Terrebonne Economic Development Authority should closely monitor the day-to-day activities of the Authority until the agency has grown to the point where it is cost beneficial to employ an adequate system of controls.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the Authority until it is financially feasible to employ additional staff.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

**Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government**

**Schedule of Prior Findings and Resolution Matters
For the Year Ended December 31, 2009**

Note: All prior findings relate to the December 31, 2008 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

Inadequate Internal Control

Condition: A significant deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners of the Authority should closely monitor the day-to-day activities of the Authority and implement other control procedures until the agency has grown to the point where it is cost beneficial to employ an adequate system of internal controls.

Status: The Authority has implemented the recommendation, but the lack of segregation of duties continues to exist. As such, the Board will continue to perform the recommendation.

Late Submittal of Package to Louisiana Legislative Auditor

Condition: All entities under the scope of the Louisiana audit law must submit their annual audit engagement reporting package to the Louisiana Legislative Auditor's office no later than six months after the entity's year end. The Authority submitted its package after their due date.

Recommendation: In the future, the Authority should allocate the proper resources, including electronic data protection, to ensure that it complies with the Louisiana audit submission requirements.

Status: Resolved.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.